

CALIFORNIA GAMBLING CONTROL COMMISSION

SPECIFIC LANGUAGE OF PROPOSED REGULATIONS

MINIMUM INTERNAL CONTROL STANDARDS (MICS) FOR GAMBLING ESTABLISHMENTS:
CHECKS, CREDIT, ATMs AND UNCLAIMED PROPERTY
CGCC-GCA-2007-R-6

CALIFORNIA CODE OF REGULATIONS

TITLE 4. BUSINESS REGULATIONS.

DIVISION 18. CALIFORNIA GAMBLING CONTROL COMMISSION.

CHAPTER 7. CONDITIONS OF OPERATION FOR GAMBLING ESTABLISHMENTS.

ARTICLE 3. (RESERVED) MINIMUM INTERNAL CONTROL STANDARDS FOR GAMBLING
ESTABLISHMENTS (MICS).

§ 12388. Extension of Credit, Check Cashing, and Automatic Teller Machines
(ATMs).

(a) A licensee may extend credit to a patron if, prior to extending credit to the patron, the licensee determines that an extension of credit is not prohibited by any statute, law, regulation, or local ordinance. A licensee may not extend credit to a gambling business or third party provider of proposition player services that is occupying a player-dealer position in any gambling establishment owned by the licensee. A licensee may not extend credit to an employee of the licensee to act as a "house prop player" or "public relations player." In addition to complying with all laws regarding the issuance of credit, a licensee that extends credit to a patron shall address, in written policies and procedures and credit application form(s), the following requirements for the extension and collection of credit:

(1) Establish a method for determining the maximum amount which will be advanced to a patron, changes in the credit amount, the maximum time an extension of credit will be outstanding, and repayment terms.

(2) Prior to extending credit to a patron for the first time, ensure that the person requesting the credit is positively identified by examining the patron's unexpired government-issued form of identification evidencing residence and bearing a photograph of the patron, such as a driver's license or passport. In addition, ensure that the patron is credit worthy through an assessment of one of the following:

(A) Receipt of patron information on a credit application form which includes the patron's name and signature, current address, telephone number, social security number, bank and/or trade references, employment and income information to form an assessment of the patron's financial situation and collateral circumstances of the patron.

(B) Receipt of a signed and dated authorization from the patron to access their consumer credit report from a bona fide credit-reporting agency to show the

1 patron has an established credit history consistent with approved credit policies
2 and/or receipt of information from a bona fide credit-reporting agency that the
3 patron has an established credit history consistent with approved credit policies.

4 (C) Examination of records of previous credit transactions with the patron, if any,
5 showing that the patron has paid in a timely manner all credit instruments and/or
6 otherwise document that it has a reasonable basis for extending the credit
7 amount to the patron.

8 (3) An owner or designated key employee other than a dealer must approve any credit
9 application.

10 (4) No credit may be extended to any patron who has signed a self-exclusion form or
11 has self-restricted access to credit for the time period of the exclusion or restriction.

12 (5) Notify the patron of the issuance or denial of credit. The notification for issuing credit
13 shall include the date of issuance, terms of repayment, and interest charges, if
14 applicable. If a patron is denied credit, and the denial is based, in whole or part, on
15 any information contained in a consumer credit report, the licensee shall comply with
16 Civil Code section 1785.20.

17 (6) A copy of any consumer credit report obtained by the licensee shall be kept on file
18 with the cardroom.

19 (7) Written or electronic records shall be maintained on each attempt to collect on
20 delinquent credit accounts.

21 (8) For each patron issued credit, the licensee shall maintain a record of the patron's
22 credit limit, payment schedule, outstanding credit balance, and the patron's
23 signature on a credit agreement.

24 (b) For each patron that is issued credit for the first time, the following information shall be
25 collected and maintained:

26 (1) Patron's name, current address and telephone number;

27 (2) A photocopy of the patron's unexpired government-issued form of identification
28 evidencing residence and bearing a photograph of the patron, such as a driver's
29 license or passport;

30 (3) Basis upon which credit verified, as listed in subsection (a)(2);

31 (4) Documentation of authorization by a person designated by management to approve
32 credit.

33 (c) If payment upon an extension of credit is delinquent for more than 90 days, the person
34 to whom credit was extended shall be prohibited from obtaining additional credit until
35 the amount owed is paid in full.

36 (d) No gambling enterprise shall cash any check if cashing such a check is prohibited by
37 any statute, regulation, or ordinance. No gambling enterprise employee shall be
38 permitted to cash any check drawn against any federal, state, county, or other
39 government fund, including, but not limited to, social security, unemployment insurance.

1 disability payments, or public assistance payments, as outlined in Business and
2 Professions Code section 19841, subdivision (q), unless the check is for wages or the
3 payment of goods or services.

4 (e) A licensee who does not deposit a patron's check within three banking days after
5 receipt shall be considered to have extended credit to that patron.

6 (f) A licensee shall not allow a patron to redeem, reclaim or repurchase an un-deposited
7 personal check with a subsequent personal check, unless that patron has been
8 approved for an extension of credit as provided in this Article and the amount of the
9 check or checks to be replaced is within the patron's approved credit limit.

10 (g) A licensee that cashes checks for a patron shall address, in written policies and
11 procedures, the following requirements for the cashing of checks:

12 (1) Prior to cashing a check for a patron, the designated employee shall determine that

13 (A) The licensee's records do not contain information reflecting that the patron
14 presenting the check has signed a self-exclusion form or self-restricted access to
15 check cashing for the time period of the exclusion or restriction,

16 (B) Cashing such check is not prohibited,

17 (C) Cashing such check conforms to the licensee's approval process,

18 (D) The check is for a specific amount and within the patron's established check
19 cashing amount limit, and, in the case of a personal check, includes the current
20 date, and,

21 (E) The check is payable to the gambling establishment, or in the case of a third
22 party check, endorsed over to the gambling establishment.

23 (2) If personal checks, cashier's checks, or payroll checks are cashed, the licensee or
24 designated employee shall examine and, if the patron is not approved for credit,
25 record an unexpired government-issued form of identification evidencing residence
26 and bearing a photograph of the patron, such as a driver's license or passport. If the
27 patron's identification information is already on file with the licensee, which includes
28 a photo of the patron, then retrieval and examination of this identification file by the
29 licensee or designated employee shall satisfy the provisions of this paragraph.

30 (3) Records of all returned checks shall be maintained by the gambling establishment
31 and shall include, at a minimum, the following:

32 (A) Date on the check.

33 (B) Name of the customer presenting the check.

34 (C) Amount of the check.

35 (D) Date(s) the check was dishonored.

36 (E) Date(s) and amount(s) of any collection received on the check after being
37 returned by a bank.

(4) If a check is dishonored, the person who proffered the check shall be prohibited from cashing additional checks until the amount owed is paid in full, but may replace a dishonored check in accordance with the policies of the licensed gambling establishment.

(5) The licensee shall include written procedures for the collection of checks dishonored for non-sufficient funds (NSF), including a point in time that the NSF check will be written off as a bad debt.

(h) If a licensee that cashes checks for a patron charges a check-cashing fee, the licensee shall obtain and maintain an unexpired California Department of Justice Check Cashing Permit pursuant to Civil Code section 1789.37.

(i) Checks accepted or credit instruments completed in accordance with this Article are valid and enforceable instruments.

(j) A licensed gambling establishment shall not have an ATM (automatic teller machine or cash- or voucher- dispensing machine) accessible by an individual while physically seated at a gaming table, unless otherwise required under the Americans with Disabilities Act.

(k) ATMs shall be configured to reject Electronic Benefit Transfer cards (EBTs) issued by the State of California or by any city, county, or city and county therein.

Note: Authority cited: Sections 19811, 19823, 19840, 19841(o) and (q), 19901, 19905 and 19920, Business and Professions Code. Sections 1785.20 and 1789.37, Civil Code. Reference: Sections 19801, 19901, 19905 and 19920, Business and Professions Code. Title 4, California Code of Regulations, sections 12463, 12464.

ARTICLE 4. ACCOUNTING AND FINANCIAL REPORTING.

§ 12410. Unclaimed or Abandoned Property.

A licensee shall establish written policies and procedures which comply with California's Unclaimed Property Law (Code Civ. Proc., section 1500 et seq.), regarding unclaimed chips, cash, and cash equivalents left at a gaming table or in any player's bank deemed inactive by the terms of the licensee's policies and procedures, un-deposited checks issued by the licensee to a patron, and un-deposited checks drawn on a licensee's account.

Records of the date and amount of any unclaimed property sent or reported to the State Controller shall be kept by the licensee.

Note: Authority cited: Sections 19811, 19840, 19841(o), (h), and (j), and 19920, Business and Professions Code. Reference: Sections 19801 and 19841(g), (h), and (j), and 19954, Business and Professions Code. Title 10, Chapter 7 (Commencing with section 1500), Code of Civil Procedure. Section 14161, Penal Code. Title 2, California Code of Regulations, Subchapter 8 (commencing with section 1150) (Unclaimed Property Regulations).